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In the Matter of

Susan Arceneaux,
in her personal capacity

MUR 5652

2005 MAY 26 A 11:59

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**RESPONDENT SUSAN ARCENEUX'S INITIAL
RESPONSE TO THE FACTUAL AND LEGAL ANALYSIS**

By and through the undersigned counsel, Respondent Susan Arceneaux submits this Initial Response to the Factual and Legal Analysis in the above-captioned Matter Under Review ("MUR"). Any effort to impose personal liability against Susan Arceneaux in her personal capacity is unwarranted here, and we respectfully request that the Commission take no further action against Respondent in her personal capacity.

One can only assume that the Commission intends to conduct a thorough investigation of this matter. Susan Arceneaux desires to be cooperative with the Commission, and welcomes such an investigation.¹ However, both the final audit report and the Factual and Legal Analysis ("F&LA") are premised upon faulty assumptions, and contain both legal and factual errors. The purpose of this brief is to correct at least some of the faulty assumptions and errors. By way of organization, the brief consists of two sections. The first section provides some narrative factual background organized in the

¹ The materials mailed to Susan Arceneaux (the Final Audit Report, the Factual and Legal Analysis ("F&LA"), etc.) did not contain any itemizations or schedules that detail the factual underpinnings of the various issues in this MUR. Thus, it is impossible at this time to address specifics - the F&LA lays out accusations in conclusory form only. We hereby request copies of all such itemizations or schedules, including but not limited to those referenced in the Final Audit Report. Respondent reserves the right to respond to such information if provided.

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form of corrections and clarifications to the Final Audit Report. The second section is a legal analysis.

A. Factual Background

Susan Arceneaux is the president of Political Compliance Services, Inc., and provides a variety of services to a variety of clients. For some political committee clients, Arceneaux acts as treasurer – she cages all checks (reviewing them for potential illegality), deposits contributions, issues disbursement checks, obtains best efforts information, and prepares and files all disclosure reports.

Occasionally, Susan Arceneaux provides other, more limited services. She provides hourly service for clients with a large volume of work. On the other end of the spectrum, she also provides what in essence amounts to glorified bookkeeping akin to data entry. In those instances, she does not act as treasurer, nor does she assume the responsibilities vested in the treasurer. Instead, she prepares disclosure reports based solely upon information provided to her by the client, taking the information compiled by the client and converting it into a report – a data entry service.

Sometime after the Terrell campaign was underway, Susan Arceneaux was contacted by Bill Kearney. Kearney was a friend of the candidate, was in charge of the campaign, and acted as the candidate's alter-ego. At the time Susan Arceneaux was first contacted by the campaign, it was already well underway. It had already filed its Statement of Organization, naming Cliff Newlin as treasurer. Newlin, a friend of candidate Suzie Terrell, is both a tax attorney and a Certified Public Accountant. See <http://www.wegmann-dazet.com/profile.html> and <http://www.wegmann-dazet.com/profile.html>.

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At the time Arceneaux was contacted, the campaign was already in its first 48 hour notice period before the primary, and it was just days before its first full report was due. Kearney claimed that the campaign needed assistance with preparing disclosure reports. The campaign wished to control the checkbook, expenditures and deposits, and keep the entire operation housed within the campaign in Louisiana, under the purview of its treasurer. After some discussion, Kearney signed a contract dated August 8, 2002, on behalf of Terrell personally and the campaign. See Attachment 1.

Under the contract, Arceneaux's company, Political Compliance Services, was to provide glorified bookkeeping services, taking information compiled by the campaign, converting it into a disclosure report, and then submitting it to the campaign and its treasurer for approval. She did not agree to be treasurer, or otherwise assume all the obligations imposed upon treasurers. The campaign and its treasurer remained responsible -- the campaign controlled the checkbook and all disbursements, received all checks directly, and kept its own records. But because the campaign (and its treasurer) were located and run completely within Louisiana, the treasurer lacked a straightforward method to sign and file his paper reports with the Senate. It was for this reason, and this reason only, that Arceneaux was made assistant treasurer for the campaign, allowing her to sign reports on behalf of the treasurer to be filed in paper format with the Senate.

The contract between Susan Arceneaux's company and Terrell and her campaign specifically places the burden squarely on the campaign (and thus its treasurer) to compile the necessary information and ensure its accuracy. Paragraph 4.0 of the contract states:

Client shall have the responsibility of providing PCS with full, complete, and accurate information pertaining to all revenues received and disbursements made

by Client during the reporting cycle. In addition, it shall be the responsibility of Client to provide PCS with any and all information required to timely, accurately and completely file disclosure reports with the appropriate government entity. PCS shall not be responsible for, and Client waives any action or claims against PCS resulting from Client providing incomplete or inaccurate information to PCS.

Similarly, the selection form (listing the services requested by Terrell and the campaign) states that PCS was to "[p]repare FEC reports based upon data provided by campaign and filing of same" (emphasis added). Pursuant to the contract, Arceneaux provided to the campaign a general set of guidelines to assist the campaign in managing contributor information.² See Attachment 2. Among other things, those guidelines place responsibility squarely on the campaign to obtain an address, employer and occupation for each contributor that gives over \$200, and make clear that if this is not obtained, it is the campaign's responsibility to request the information again.

Turning to the Final Audit Report, at least three items need clarification and/or correction:

1. Contrary to the Final Audit Report's claim, the campaign was not headquartered in Alexandria, Virginia.

The Final Audit Report lists Alexandria, Virginia as the campaign's headquarters. This is misleading, as the actual election campaign was run completely in Louisiana. It was not until approximately March of 2003, long after Terrell lost the election, that the campaign began to use an Alexandria address. This was done to ensure the timely receipt of correspondence from the Commission's Reports Analysis Division -- RAD was unable to contact the committee's treasurer in Louisiana, and elected to attempt to contact the

² To help manage the information flow, she provided a basic list of guidelines, which include contribution limits and prohibitions, redesignation and redistribution issues, acceptance of contributions from LLCs, LLPs and similar entities, the need to obtain name, address, occupation and employer and the like. With respect to the so-called "best efforts" information, Arceneaux's list of basic guidelines places the responsibility to obtain the information squarely on the campaign and its treasurer.

campaign through Susan Arceneaux. Once contact was made, the campaign switched its address to Arceneaux's to ensure it received all RAD correspondence.³

This distinction is relevant, because if one assumes that the campaign was in fact headquartered in Alexandria, it could leave the impression that Susan Arceneaux was much more involved in the campaign than she actually was. The campaign was completely organized, managed and run in Louisiana, and the treasurer was in Louisiana.

2. The Final Audit Report never once mentions Susan Arceneaux, either by name or title, but correctly lists Cliff Newlin as treasurer.

The Final Audit Report correctly lists Cliff Newlin as the treasurer during the campaign, and lists Bryan Blades as his replacement, both of whom were friends of the candidate from Louisiana, and apparently involved with the campaign from its outset. Nowhere is Susan Arceneaux listed, whether as treasurer, or as the person responsible for accounting, recordkeeping tasks or day-to-day operations. Thus, the audit report does not, on its face, support a finding of reason to believe in this matter.

Although the person listed in the Final Audit Report as handling accounting, recordkeeping tasks and other day-to-day operations was involved in those sorts of activities (she was the fundraising consultant hired by the campaign, although others raised money for the campaign), there were numerous other people, including the candidate, who were involved with the accounting, recordkeeping tasks and other day-to-day operations. For example, the candidate took it upon herself to acquire contributor's best efforts information, handle checks, and make disbursements, and Terrell was heavily involved in activity that occurred in December – the time period emphasized in the Final Audit Report. The lead consultant and candidate alter-ego, Bill Kearney, was also

³ The campaign had a series of treasurers, none of whom were Arceneaux or anyone associated with Arceneaux's firm. Nor was the position of treasurer ever left vacant.

involved in such matters – including authorizing numerous wire-transfers and large disbursements as the election drew near.

Moreover, at some point the National Republican Senatorial Committee became involved in the campaign's fundraising. The first time Susan Arceneaux was informed of such joint fundraising was by the NRSC's bookkeeper, and not from Terrell or the campaign or its treasurer. The NRSC's counsel prepared the joint fundraising agreement, which explicitly made clear that "[t]he NRSC will maintain the books and records" of the joint fundraising committee.

Apparently, there was also a second joint fundraising committee established by the NRSC, of which Arceneaux was not informed. She learned about its existence long after the election had come and gone. According to the public record, campaign treasurer Cliff Newlin amended the committee's statement of organization listing this joint fundraising committee.

All told, there were at least ten individuals involved in various aspects of the committee's affairs – disbursements, fundraising, recordkeeping, and compiling information that formed the basis for the committee's reports.

3. The Final Audit Report notes that Terrell was delinquent in her dealings with the auditors, and has not yet complied with the auditors' recommendations; such failure to provide information is consistent with Susan Arceneaux's dealing with Terrell and her campaign.

To be clear, Susan Arceneaux's relationship with Terrell and her campaign was terminated prior to the campaign and its treasurer's failure to timely respond to the auditors (remarkably, Terrell continues to this day to use Arceneaux's address in Virginia). But the conduct encountered by the auditors is consistent with Arceneaux's dealings with Terrell and the campaign.

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The examples of instances where Susan Arceneaux requested basic information from the campaign or asked questions of the campaign are legion. Rarely were such requests answered without constant repetition by Arceneaux. Time and time again, the campaign was slow to provide information to Arceneaux. Even the approval of the reports became something that dragged on – although the campaign did eventually approve all reports, consistent with Arceneaux's original agreement to submit the reports to the campaign for approval prior to her signing for the treasurer.

Similarly, the campaign's own internal structure appeared to continually shift, with different people from the candidate on down taking ownership of various tasks. Arceneaux was constantly assured by the campaign that its information was accurate, that it was in the process of obtaining the occupation and employer of various contributions, that contributions were permissible and consistent with federal limits, and the like.

Particularly vexing were the candidate's loans to the campaign. In one of the initial batches of material provided by the campaign to Arceneaux, she discovered a copy of a \$100,000 check to the campaign. She asked the campaign (specifically Bill Kearney) about the nature of the contribution, and she was informed that it was a loan from the candidate (that occurred prior to Arceneaux being hired by the campaign), it was due on demand, with a specified interest rate. At that time, Susan Arceneaux had no reason to doubt what she was told – she had asked specific questions of the campaign, provided some examples of how other campaigns had structured loans, and was provided information on what was described as a loan from the candidate. After all, Terrell was an attorney, a self-described reformer who was the State Elections Commissioner who, in her words, "cleaned up corruption." Cliff Newlin, the treasurer, was a Certified Public

Accountant and a tax attorney. And the loan occurred before Susan Arceneaux was hired by the campaign.

But candidate loans became an issue handled in a cloud of secrecy either personally by the candidate or by her alter-ego, Bill Kearney, the details of which were kept from Arceneaux. Apparently, the candidate loaned the campaign an additional \$200,000 at the time of the November election – but Arceneaux was not informed of this until several weeks after-the-fact. Also around that time, Arceneaux was informed that the campaign had both primary and general election debt, and Arceneaux in turn informed Bill Kearney that this debt was not listed on prior disclosure reports (which had been submitted to the campaign for treasurer approval), and that if the committee did in fact have debt, then the committee may need to file amended reports. As with other issues, the campaign reassured Arceneaux that they would provide her with sufficient information, particularly with respect to the issue of contribution limits related to debt retirement. Hardly reckless, Arceneaux was persistent and steady in her requests for information from the campaign. Subsequent to the December run-off election, Arceneaux was informed that Terrell had repaid the loans made to the campaign – remarkably, such payments occurred without Arceneaux's knowledge.

The campaign became increasingly busy after the general election, as it found itself in a runoff election that was receiving national media attention. During this time-period, the NRSC became more involved in the fundraising for the committee. Apparently, individuals from the Republican National Committee did as well, as the campaign took on a national dynamic. Fundraising increased, as did expenditures, but

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obtaining information became all the more vexing as the campaign became increasingly overwhelmed.

Long after-the-fact, Arceneaux learned that she had not been informed of many of the contributions received during this time period. The Final Audit Report confirms this, determining that contributions deposited in December 2002 were not included in the campaign-prepared database. In fact, it appears that the campaign has already conceded that this was due to "the volume of activity and staff turnover," that "contributed to lapses in the data entry" by the campaign. Final Audit Report at 11, 13.

In other instances, the campaign ignored Susan Arceneaux's advice wholesale. For example, when it became increasingly apparent after the election to Arceneaux that she had not been provided all the necessary information from the campaign (and prior to the campaign being notified of the Commission's audit), Arceneaux recommended to Terrell personally that the campaign conduct its own audit, where the disclosure reports would be reconciled with bank statements, and offered her services at an hourly rate. Terrell declined the offer, insisting that Terrell and her people in Louisiana (presumably treasurer Cliff Newlin and certainly eventual treasurer Bryan Blades) could perform such tasks. Once the campaign learned it was being audited, Terrell still resisted hiring professional help, nor did she or the campaign hire counsel until well into the audit.

Despite all this, Susan Arceneaux was personally reassured by the candidate that Arceneaux had done nothing wrong, that there were not problems with Arceneaux's work. Instead, the candidate (who had already begun preparations for running for

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Attorney General⁴) began blaming what seemed to be an endless stream of people for errors made by her campaign – curiously, this blame included matters in which the candidate had involvement during the campaign. Eventually, after the campaign stopped paying Arceneaux's company for her services (the campaign had been notoriously a slow-paying client), and only after Arceneaux made a demand for payment, Arceneaux found herself in the same situation, blamed by the candidate for matters handled by others. Only after Arceneaux threatened collection did Terrell finally settle the bill.

B. Legal Analysis

The Commission has advanced a novel legal theory, seeking to impose personal liability on an assistant treasurer for alleged errors committed by others, and without the knowledge of the assistant treasurer. This novel theory is not supported by case law, statute or Commission regulation, and advancing it in this case is nothing more than regulation *via* MUR.

The Commission fails to cite any direct support for its statement that the Federal Election Campaign Act makes treasurers personally liable. Instead of providing support for this statement, the Commission cites FBC v. Toledano, 317 F.3d 939 (9th Cir. 2003) as indirect support, a case handed down long after the Terrell elections of 2002. But Toledano did not impose treasurer liability, let alone assistant treasurer liability. The Ninth Circuit imposed liability on a renegade local party chairman who took a contribution essentially earmarked for his candidate of choice, altered the check, and completely bypassed the party's treasurer. Hardly a case that supports treasurer liability, Toledano stands for the proposition that a treasurer (and certainly, an assistant treasurer)

⁴ During her run for Louisiana Attorney General, the Democrats accused Terrell of using her federal senate campaign account to finance her state election, specifically claiming she improperly paid for political consulting and media placement, which if true would violate Louisiana law.

is not liable for the personal malfeasance of others. In other words, under no circumstance can Toledano support any sort of shifting of liability to Susan Arceneaux for potential wrongdoing of the candidate or her inner-circle operatives. Nor does the Commission fare much better with its citation to various regulations. None of the regulations cited speak of personal "liability," nor do they impose such liability on an assistant treasurer.

It appears the Commission, without so stating, is applying its recent "policy statement" on treasurer liability, issued January 3, 2005, to conduct that occurred in 2002. The language used in the F&LA, *i.e.*, "recklessly failed to fulfill the duties imposed on treasurers," is the same language found in the policy statement. Certainly, that policy statement cannot be the affirmative reason upon which liability is sought, as it was issued long after the 2002 Terrell campaign at issue. Certainly not a sword that can now be used by the Commission, the policy statement itself precludes a finding of personal liability here, as it acknowledges that the law on the subject (during the relevant 2002 time period), was in need of clarification: "The Commission is modifying its current practices to specify more clearly when a treasurer is subject to a Commission enforcement proceeding in his or her 'official' and/or 'personal' capacity." Fed. Reg. Vol. 70, No. 1 at 3 (January 3, 2005) (hereinafter "Policy Statement").

Thus, the policy statement and its accompanying standards are a shield that protects Susan Arceneaux from personal liability. The Commission has alleged recklessness, which as the policy statement makes clear, is an extremely high standard that will rarely be met. Certainly more than negligence or carelessness, recklessness requires a conscious, wanton and willful disregard for the consequences of one's actions,

or perhaps indifference that constitutes a gross deviation from the standard of care a reasonable person would exercise in like circumstances. See Policy Statement at 5 ("If, at any time in the proceeding, the Commission is persuaded that the treasurer did not act with the requisite state of mind, subsequent findings against the treasurer will only be made in his or her official capacity.").

The facts (as opposed to the erroneous assumptions upon which this MUR is based) do not support such a finding. Susan Arceneaux was not the treasurer of the campaign, nor was she hired to undertake all of the duties associated with being treasurer. Instead, her role was carefully circumscribed and limited. She was hired at a small monthly fee to prepare disclosure reports based upon information compiled and provided by the campaign. This was clearly reflected in the contract between the parties, and was reflected by actual practice. It was clear throughout the process that it was the campaign's (and its Louisiana-based treasurer's) responsibility to obtain contributor "best efforts" information, review contributions for legality, track contributor limits and the like, and Arceneaux continuously requested such information from the campaign. Once prepared, Susan Arceneaux submitted the report to the campaign for treasurer approval. Once approved, it was filed with the Senate.

The campaign and its treasurer remained in complete control of its records and affairs -- the campaign deposited checks, tracked contributor limits as to amount and source, was supposed to make any necessary refunds, and authorized expenditures, all of which occurred in Louisiana. The campaign (including the candidate herself, Suzie Terrell) kept complete control over the campaign checkbook, accounts, and bank

statements. Susan Arceneaux was not provided bank statements or the like; her task was much more circumscribed.

The facts in this matter preclude a finding of personal liability against Arceneaux, and such a finding would be wholly inconsistent with the policy reasons underlying the Commission's views on treasurer liability. The central rationale for treasurer liability is that it is the treasurer who has ultimate control over the finances of the committee. In the event excessive contributions need to be refunded, or a fine paid for wrongdoing, it is the treasurer who controls such cash flow. As stated by the Commission:

The practice [of naming the treasurer as respondent] also ensures that the named individual who signs the conciliation agreement on behalf of the committee (or obtains legal representation on behalf of the committee) is the one empowered by law to disburse committee funds to pay a civil penalty, disgorge funds, make refunds, and carry out other monetary remedies that the committee agrees to through the conciliation agreement.

Policy Statement at 4.

Thus, by naming the treasurer as the respondent, it is much more likely that the Act and Commission regulations will be followed. But here, Susan Arceneaux was not in that position, and was not the treasurer for the campaign. Critically, she never had authority to sign checks. Despite requests, she was never provided bank statements. Instead, she acted pursuant to an agreement with Terrell and the campaign to prepare reports based solely on information compiled and prepared by the campaign -- and her work product was submitted to the campaign for treasurer approval.

C. Conclusion

For the foregoing reasons, Respondent Susan Arceneaux respectfully requests that the Commission take no further action in this matter against her in her personal capacity.

Respectfully submitted,



Donald F. McGahn II
McGahn & Associates, PLLC
601 Pennsylvania Avenue, NW
Suite 900, South Building
Washington, DC 20004
(202) 661-5900

Counsel for Susan Arceneaux

SERVICE AGREEMENT

This agreement ("Agreement") is entered into as of this 8th day of Aug., 2002 by and between Political Compliance Services, Inc. ("PCS"), a Delaware chartered corporation and Suzanne Halk Terrell and Terrell for Senate ("Client"), and who shall collectively be referred to herein as the "Parties".

WHEREAS, PCS is in the professional business of providing candidate committee administrative management; including, bookkeeping and government mandated political committee disclosure report filing services, and Client desires to retain the services of such an entity to provide candidate committee administrative management including bookkeeping and preparation and filing of its disclosure reports both federal and state, and

WHEREAS, PCS is able and willing to provide said services to Client and Client desires to have PCS provide those same services, and the Parties desire to memorialize the terms of their agreement.

NOW THEREFORE, pursuant to the mutual covenants contained herein and other good and valuable consideration specifically acknowledged by the Parties, it is agreed as follows.

- 1.0 **Retain PCS:** Client hereby hires and retains PCS subject to the terms and conditions of this Agreement to provide Services as defined below and as further requested from time to time by Client.
- 2.0 **PCS Services:** PCS provides oversight of candidate committee administrative management and filing of Federal Election Commission ("FEC") disclosure reports and related services in compliance with the Federal Election Campaign Act of 1971, as amended ("FECA"). These services include but are not limited to the filing of FEC disclosure reports, compliance review of contributions and disbursements, record keeping, accounting and systems reconciliation and response to FEC inquiries ("Services").
- 3.0 **Client Selection of Services:** Client shall from time to time inform PCS of the Services it desires PCS perform for Client. These Service selections shall be confirmed in writing by PCS and a copy of those written confirmations shall be attached hereto and deemed fully incorporated into this Agreement.
- 4.0 **Client Information:** Client shall have the responsibility of providing PCS with full, complete and accurate accounting information pertaining to all revenues received and disbursements made by Client during the reporting cycle. In addition, it shall be the responsibility of Client to provide PCS with any and all information required to timely, accurately and completely file disclosure reports with the appropriate government entity. PCS shall not be responsible for, and Client waives any action or claims against PCS resulting from Client providing incomplete or inaccurate information to PCS.
- 5.0 **Election of Reporting Period:** If applicable, Client shall provide PCS with written notice of its desired schedule to file its FEC or other government disclosure reports and that schedule shall be followed by PCS until such time as Client chooses to alter that reporting schedule and provides written notice of the same to PCS.
- 6.0 **Compensation:** Client shall pay to PCS a monthly retainer of Two Thousand and no/100 (\$2000.00) dollars to Client on the first day of each month for Services to be rendered for that same calendar month. Client agrees to pay all invoices within fifteen (15) calendar days after receipt. Payments received subsequent to the fifteenth (15th) day shall be considered past due and subject to an interest rate of one and one half percent (1 1/2%) per month until paid in full.

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- 7.0 **Deposit:** Client shall make a deposit equal to two thousand dollars (\$2,000.00) to PCS upon signing of this Agreement. Deposit shall be held in escrow by PCS and applied against Client's last invoice.
- 8.0 **Status of Parties:** PCS is retained by Client on a non-exclusive basis in the capacity of an independent contractor and not as an employee, as those terms are defined in federal and state statutes. PCS is retained by Client to perform the Services described in Section 3.0 in a competent and knowledgeable manner. PCS represents and warrants that it is a for profit corporate entity, chartered in the state of Delaware and is in good standing and is able to lawfully provide the services as set forth in this Agreement to Client. Client represents and warrants it is a candidate committee as those terms are defined by the FECA and the IRC, and is lawfully able to retain PCS to provide the Services set forth in this Agreement.
- 9.0 **Consultant Liability and Indemnification:** The Parties acknowledge that PCS may require the services of agents, employees, or subcontractors in connection with its efforts to fulfill the duties set forth in this Agreement. Payment for any product, Service or expense to PCS agents, employees, or subcontractors shall be the sole and exclusive liability of PCS. Reimbursement from Client for any fee(s), payment(s) or expense(s) for such services or products will be paid only if authorized by Client in advance of being incurred. Client agrees and acknowledges that PCS shall not be required by this Agreement to file any or all disclosure reports in the event Client is delinquent in the timely payment of any Fee, and waives any claim or cause of action against PCS in such an event.
- 10.0 **Termination:** This Agreement shall terminate on such a date thirty (30) calendar days after the campaign ceases or ninety (90) days after one Party provides written notice, for whatever reason, to the other Party of its decision to terminate this Agreement ("Termination Date").
- 11.0 **Counterparts:** This Agreement may be executed in as many counterparts as may be deemed necessary and convenient and by the different Parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute both one and the same instrument.
- 12.0 **Legal Fees:** If either Party seeks to bring an action, in arbitration or enforcement in a court of law, in order to enforce or interpret provisions of this Agreement or any part thereof, then the prevailing Party, as determined by the arbitrator or the court, shall be entitled to reasonable attorney fees and expenses in addition any other relief which the arbiter or court may grant to the Party.
- 13.0 **Severability and Governing Law:** Each of the provisions of this Agreement shall be enforced independently of any other provision, claim, or cause of action. If any provision of this Agreement shall be held invalid, illegal, or unenforceable in any jurisdiction, it shall not render this entire Agreement unenforceable but rather it will be equitably modified, if possible, to most reasonably effectuate the intention hereof. The invalid or unenforceable provision shall be severed and the remaining provisions of the Agreement shall continue to be binding upon the Parties. In the event of any dispute arising under this Agreement, the Parties agree that the law of the state of Delaware will govern the interpretation, validity and effect of this Agreement without regard to the place of execution or performance thereof.
- 14.0 **Amendments:** This Agreement may only be modified or amended in writing fully executed by the Parties hereto.
- 15.0 **Waiver of Breach:** The failure of either Party at any time to require the performance of the other shall not affect the right of the non-enforcing Party to enforce the right at a later time. If a Party waives any breach of any provision, it shall not be construed as a waiver of any later breach, nor shall it be construed as an amendment of the Agreement.

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- 16.0 **Signature Approval and Notice:** Approval of this Agreement shall be in writing and shall be deemed received pursuant to the provisions of this Agreement, if it is delivered personally, by facsimile, by email with electronic signature, by messenger, by telecopier, by telox, or certified or registered mail, return receipt requested. Any notice required to be given to any Party pursuant to any provision in this Agreement shall be in writing and shall be deemed received at the time such notice would have been received in the normal course, depending upon the method of transmission used. Each Party has a duty to advise the other Party within ten (10) calendar days of any changes to their respective address, telephone and telefax information as listed below. Notices shall be addressed as follows:

If to PCS:

Susan Arceneaux, President
Political Compliance Systems, Inc.
10597 John Ayres Drive
Suite A
Fairfax, VA 22032
Telephone: (703) 250-0496
E-mail Address: sarceneaux@politicalcompliance.com

If to Client:

Suzanne Haik Terrell
Terrell for Senate
P.O. Box 44267
Baton Rouge, LA 70804
Telephone: 225 215 5000
Fax Number: 225 215 5000
E-mail Address: _____

- 17.0 **Corporate Authority:** PCS and Client each hereby represent and warrant that this Agreement has been executed by its lawful representative(s), so designated below, in accordance with their respective authorities and requisite legal mandates.

- 18.0 **Full and Complete Agreement of the Parties:** The Agreement represents a full and complete understanding of terms and conditions between the Parties hereto. This Agreement supersedes all prior agreements, understandings, negotiations, and discussions, whether verbal or written, and may not be modified, changed, or altered in any premise, or statement by whomsoever made and may only be modified pursuant to Section 14 above. This Agreement shall be binding upon and shall inure to the benefit of both Parties and the respective agents and successors in interest.

IN WITNESS WHEREOF, the Parties hereto intending to be legally bound hereby have duly executed and delivered this Agreement or caused the same to be done by their respective agents duly authorized to do so, as of the date and year first set out above.

BY: Political Compliance Systems, Inc.

Susan Arceneaux, President

Date

-and-

BY: Suzanne Haik Terrell

Suzanne Haik Terrell

Date

-and-

BY: Terrell for Senate

Suzanne Haik Terrell

Date

3-10-80

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PCS SERVICE SELECTION FORM

FORM #: TERRELL-001 **CLIENT:** TERRELL-001
START DATE: August 7, 2002 **END DATE:** January 31, 2003

SERVICES REQUESTED:

- Provide written guidelines regarding FEC required data for contributions and expenditures.
- Prepare FEC reports based on data provided by campaign and filing of same.
- Prepare any required amendments to FEC reports.
- Respond to all inquiries from the FEC.
- Prepare and deliver in-kind notices to other federal committees.
- Management of following:
 - a) Contributor "best efforts" information
 - b) Reattribution of contributions
 - c) Redesignation of contributions
 - d) Return of excessive and prohibited contributions
 - e) Limits for contributions to other federal committees

In accordance with section 3.0 of the Agreement between PCS and Client, Client hereby requests and authorizes the preceding services to be performed by PCS subject to the Terms and Conditions of the Agreement, commencing as of the start date listed above. Client acknowledges it has received a full and complete explanation of the scope of work provided under each of the above and signifies its agreement for PCS to provide those services by executing this document at the designated location below.

Suzanne Haik Terrell and Terrell for Senate
By: Suzanne Haik Terrell

Political Compliance Services, Inc.
Susan Arceneaux
President

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